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The WTO's Bali Deal—How Balanced?

The WTO Ministerial meeting in Bali in December 2013 was hailed in most media as a breakthrough for the WTO. But questions are raised as to whether it was balanced—and how fair was it for developing countries?

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Second day of the 9th WTO Ministerial Conference in Bali.

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A South Centre team held seminars and met Ministers and officials in Brazil, Argentina and Uruguay. This is a report of that visit.

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The South Centre met with the Foreign Minister of Argentina (left).

WTO makes a deal, but was it balanced?

By Martin Khor

The Ministerial conference of the World Trade Organization in Bali ended with a deal, hailed by many for reviving the WTO as a viable venue for trade talks. The results are however very modest, and there are also imbalances in gains and losses, mainly along North/South lines.

The WTO's Bali conference was mainly conducted behind closed doors, with the Director General Roberto Azevedo holding meetings issue by issue with a few countries.

Participants were given the final draft only a few hours before a final plenary meeting.

Most of the week was spent on the "food security" issue, with the Director General being the go-between between the United States and India.

India was the most prominent among the developing countries that wanted to change the present WTO rules on agricultural subsidies that hinder the ability of government to purchase and stock staple foods from farmers.

It was agreed that a permanent solution involving changes to rules would take more time, so Bali discussed an interim measure – a "peace clause" whereby WTO legal cases will not be taken against countries having a public food stocktaking programme.

The issue was how long this peace clause would last. India, backed by many developing countries, wanted it to last till the permanent solution is found. The US and others wanted the peace clause to expire in four years.

The final agreement was that the WTO would negotiate a permanent solution within four years, and countries will refrain from taking cases until that solution is found.

Thus in "food security" developing countries won the battle of duration, but in reality the peace clause is of limited value.

First, it applies only to the Agriculture Agreement; countries can still sue under another agreement on subsidies.

Second, the peace clause applies only to "existing programmes." Thus countries that have no programme and want to start one will not be covered.

Third, there are cumbersome conditions including the country providing a lot of information and notifying that it has reached its allowed subsidy limit, that may make it not worthwhile to use the peace clause.

What is more important is that serious work has to be done to find a permanent solution.

WTO

WTO Director General Roberto Azevedo (left) and former Indonesian Trade Minister Gita Wirjawan (who chaired the Bali Conference) at the close of the meeting.

On another agriculture issue, the WTO failed to live up to the 2005 Ministerial deadline to eliminate export subsidies by 2013. Instead the weak Bali decision on export competition regretted the missed deadline and undertook to maintain progress.

With the food issue cleared, the Bali Conference was able to adopt a trade facilitation treaty which obliges all countries to streamline their customs procedures and upgrade their technology and infrastructure, so that imported goods can be cleared faster and easier.

The new obligations can be easily met by developed countries that already have the measures and technology, but are onerous on poorer countries that don't have the capacity.

It will be of greater benefit to those countries who are net exporters as their goods will clear faster in other countries. Net importers can be expected to see their imports rising faster than their exports, with adverse effects on their trade balance, a concern raised by some developing countries.

Developing countries are able to designate which specific obligations they need more time to implement, and there is also promise of technical assistance for them, but there is only a more vague and less explicit commitment to provide them with "financial assistance".

The Bali meeting also approved decisions to assist least developed countries on market access, rules of origin, cotton and services. However the decisions are not binding and thus have little practical benefit. These LDC decisions should be seen as a starting rather than an end point, with further negotiations for future decisions that are more useful.

Overall the Bali deal lacks balance, with the trade facilitation treaty advocated by developed countries binding (with those not fulfilling their obligations facing WTO legal cases) while the decisions on LDC issues and export subsidies favoured by developing countries are not binding in nature, while on food security only an interim measure (peace clause) with limited value was obtained.

Before the Bali conference, the South Centre had convened meetings of a Trade Expert Group to discuss issues that were of significance to the WTO's Bali agenda. The Centre published two reports arising from the Trade Experts meeting.

These reports—on the Food Security and the Trade Facilitation issues—are also published in this issue of the South Bulletin.

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Participants at the plenary of the WTO Ministerial Conference.

Glaring imbalances in WTO's Bali outcome

WTO

Second day of the 9th WTO Ministerial Conference in Bali.

By Ravi Kanth Devarakonda (Inter Press Service)

As industrialised countries celebrate the World Trade Organization's Bali accord, the developing and the least-developed countries are forced to carry their battle to another day after securing only half-baked results and grandiose promises, said several trade ministers.

"While the agreements reached at Bali are important, it is important to ensure balance in the agreements," said Rob Davies, South Africa's trade minister.

"We are of the view that there is structural imbalance in which the least-developed countries secured only best endeavour solutions while there is a binding agreement on trade facilitation," Davies told IPS.

"The developing and least-developing countries secured only promises and best endeavour outcomes while agreeing to a comprehensive trade facilitation agreement," said Kenya's foreign minister Amina Mohamed.

In sharp contrast, the United States, the European Union, and other industrialised countries praised the December 3-7 Bali Ministerial Conference for delivering the trade facilitation agreement.

"For the first time in its almost 20-year history, the WTO reached a fully multilateral agreement," said US Trade Representative Ambassador Michael Froman. "WTO Members have demonstrated that we can come together as one to set new rules that create economic opportunity and prosperity for our nations and our peoples."

EU Trade Commissioner Karel De Gucht said the breakthrough at Bali in wrapping up the agreement on trade facilitation, and some deliverables in agriculture, were truly significant for the trade body. "They take the WTO from the darkness of the multilateral era to [shine] light on multilateral action," commissioner Gucht told reporters. The EU commissioner, however, admitted that there was a lack of balance in the overall Bali agreement.

For over 15 years, the industrialised countries and some advanced developing countries such as Hong Kong, Singapore, South Korea, Chile and Mexico have pushed hard for rapid liberalisation of customs procedures as part of the trade facilitation agreement so as to enable their exports to rapidly penetrate the developing and least developed countries without many hassles.

Proponents say the TF accord is a "good governance agreement" for customs procedures that industrialised countries want the developing and the poorest countries to implement in the coming days and years on a binding basis - failing which the latter can be hauled up at the WTO's dispute settlement body.

In return, the developing countries managed to secure only best endeavour agreements on some issues of their concern in agriculture, such as an interim mechanism for public stockholding for food security, transparency-related improvements in what are called tariff rate quota administration provisions, and most trade-distorting farm export subsidies and export credits.

The poorest countries as part of the "development" dossier secured another set of best endeavour improvement concerning preferential rules of origin for exporting to industrialised countries, preferential treatment to services and services suppliers of least developed countries, duty-free and quota-free market access for least-developed countries, and finally a monitoring mechanism for special and differential treatment flexibilities.

Ironically, the Bali accord has weakened the language on issues raised by the developing and the poorest countries as compared to what was agreed in the WTO Hong Kong Ministerial Declaration in 2005.

The Kenyan foreign minister - who was the chair of the WTO General Council at the Hong Kong meeting - spoke about this puzzling change.

"What is the guarantee that the industrialised countries will implement the promises now made in the Bali agreement, particularly the provision of financial and technical assistance to implement the trade facilitation commitments, when they did not implement the commitments that were made eight years ago?" she remarked to IPS.

The Bali package included ten agreements. They comprise a binding agreement on trade facilitation and four descriptive items in agriculture such as general services, public stockholding for food security purposes, understanding the tariff rate quota administration provisions of agriculture products, and export competition.

In the development dossier, the Bali package offered non-binding best endeavour outcomes on preferential rules of origin for least developed countries, organisation for the waiver concerning preferential treatment to services, duty-free and quota-free market access, and a monitoring mechanism on special and differential treatment.

"We have only partly accommodated the concerns of the poorest countries," said Davies. "The priority [ought] to be on development and implementation issues in the coming days," the South African minister emphasised.

India steadfastly pushed hard for strong language to ensure that the public stockholding programmes for food security continued without interruption until a permanent solution was arrived at.

Despite opposition from some major industrialised countries, including the United States, and also opposition from some developing countries, India managed to secure an interim mechanism that would last for four years during which there is a commitment to find a permanent solution.

If there is no outcome within four years, the interim solution will be extended till members agree to a permanent outcome.

However, there are many notification and safeguard conditions that India and other developing countries will have to implement in order to avail themselves of the interim mechanism for food security. The US said these conditions are essential to ensure that public stockholding programmes for food security in one country do not cause food insecurity in other countries.

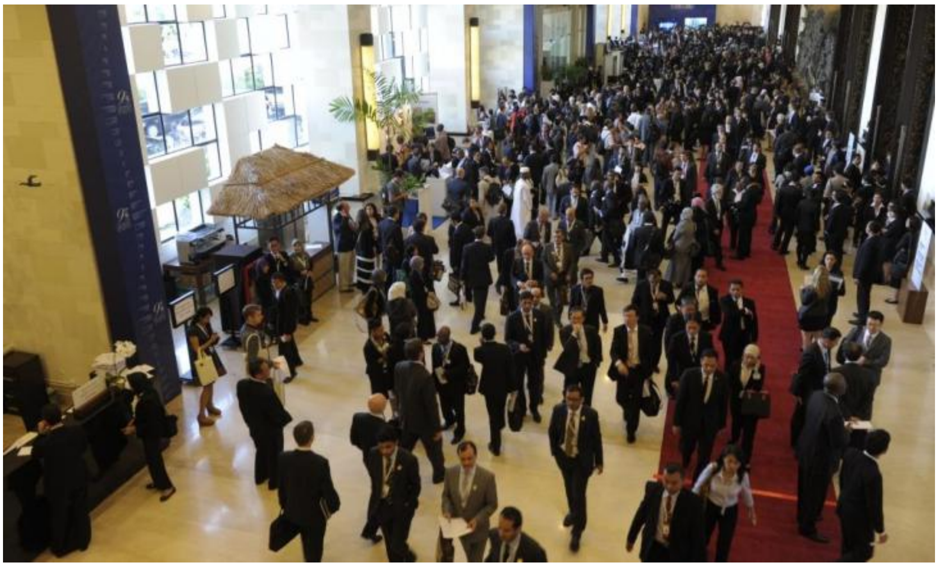
The post-Bali work programme has admitted that there are glaring asymmetrical outcomes in the "Bali Package." "Issues in the Bali Package where legally binding outcomes could not be achieved will be prioritised... Work on issues in the package that have not been fully addressed at this Conference will resume in the relevant Committees or Negotiating Groups of the WTO," according to the Bali Ministerial Declaration.

In short, the developing and least-developed countries will have to carry on their fight as there are no "legally binding outcomes" on any of their issues. That is the message from the Bali Ministerial meeting.

Also, the Bali meeting shall be remembered for the manner in which the developing and the poorest countries remained divided thanks to a grand strategy adopted by the Northern countries.

"Unless the developing world remains united it is highly unlikely that they will make progress on their issues in the next year, and this is even more true in a period when the North is going to push hard its new trade agenda," said a trade minister who preferred not to be identified.

Ravi Kanth is a Geneva-based journalist, who wrote this article for IPS news agency.



WTO

Scene at the lobby at the WTO Ministerial Conference in Bali.

WTO food fight before and at the Bali Ministerial

The "food security" issue dominated the first several days of the WTO's Bali Ministerial conference. This article gives the background to the "food fight" at the WTO.

By Martin Khor

Before and at the WTO's Bali Ministerial Conference, "food security" was a major issue. The group of 33 countries (G33) wants to clarify or change the present WTO rules that constrain the ability of developing countries' governments to purchase food from small farmers and stock them.

Government purchase (and stockholding) of rice, wheat and other foods is important in many developing countries. Such schemes assist poor farmers by giving them more certainty of sales at certain price levels. It also promotes national food security.

However the present WTO rules are a hindrance to such schemes, and these rules need to be changed, according to a report of the South Centre by several trade experts of developing countries.

They include Rubens Ricupero (former Secretary General of UNCTAD), S. Narayanan (former Ambassador of India to the WTO), Ali Mchumo (former Managing Director of the Common Fund for Commodities and former Ambassador of Tanzania to the WTO), Li Enheng (Vice Chairman, China Society for WTO Studies), Ambassador Nathan Irumba of Uganda, and Deepak Nayyar (former Vice Chancellor of Delhi University and former Chief Economic Advisor to the Indian government).

Public stockholding for food security purposes is included as one of the items under the Green Box of the WTO's agriculture agreement, but with certain conditions.

The Green Box lists the types of domestic subsidies that are considered minimally or non-trade distorting. WTO Members are allowed to use these measures, usually without limitations.

But in the case of public stockholding, significant conditions, causing enormous problems to developing countries, have been attached.

One condition is that food purchases by the government shall be made at current market prices and sale from public stockholding shall be made at prices not lower than current domestic market price.

But the rules also say that if the price paid by the government is higher than the external reference price, the difference is considered a trade-distorting subsidy which is then placed in and counted as part of the Red Box. Developing countries' Red Box subsidies cannot exceed 10% of the production value of the product.

The problem is that reference price has been defined as the average international price not of the present but of 1986-88.

Food prices were much lower 25-30 years ago. For some items they are 200 or 300 per cent higher today. It is thus illogical and most unfair to accuse a government that buys rice from its farmers at today's market price to have unfairly subsidised them because it should have bought it at the 1987 price!

Consider this example. The farm price of a food item was 30 cents in 1987 and rose to 100 cents today. If I buy rice from farmers at 100 cents, it should not be considered a trade-distorting subsidy at all.

Yet the WTO's rules consider that there has been such a subsidy of 70 cents. And this counts towards the country's total allowed subsidies.

With such a calculation, it won't take much purchase from farmers for the country to reach the 10% subsidy limit. Anything above that is considered illegal, opening the country to legal WTO cases from other countries. If they win, they can block the exports of the guilty country up to the value of the "illegal subsidy".

Among the affected countries is India whose new Food Security Bill obliges the government to spend over US$20 billion to buy foods especially rice and wheat from farmers, and to provide 5 kilos of these per month to eligible poor households, amounting to two thirds of the population.

The Group of 33 proposed a change in the WTO rules, that acquisition of foods by developing countries to support poor farmers should not be considered a trade-distorting subsidy.

According to the South Centre experts' report, the G33 proposal if adopted would enable developing countries to have such schemes to help their poor producers or families without the present restraints.

"It would advance the cause of national food security, promotion of small farmers' livelihoods as well as fulfilling the Millennium Develop-

(Continued on page 6)

AFP/ADEK BERRY

NGOs and activists advocating the right to food security and a good LDC package at the WTO Ministerial in Bali.

The WTO's Bali Ministerial and Food Security for Developing Countries: Need for equity and justice in the rules on agricultural subsidies

The following is a report that has drawn upon discussions in two Expert Group Meetings held in 2013 on the Multilateral Trading System organised by the South Centre in the preparation of the WTO's 9th Ministerial Conference in Bali in December 2013.

The food security issue linked to public stockholding in the WTO's Agreement on Agriculture is one of the key issues being negotiated. It has major implications for food security and agriculture in developing countries.

The experts who attended one or both of the meetings include Rubens Ricupero, S. Narayanan, Ali Mchumo, Li Enheng, Carlos Correa, Deepak Nayyar, Nathan Irumba, Yilmaz Akyuz and Chakravarthi Raghavan.

A. Background to the Issue

An important issue for the WTO's Bali Ministerial meeting relates to one significant aspect of food security for developing countries, which is brought up in a proposal by the Group of 33 developing countries within the framework of the Doha Round multilateral trade negotiations.

According to the WTO Agreement on Agriculture which was negotiated during the Uruguay Round and currently in force, public stockholding for food security purposes is included as one of the items under the Green Box, with certain conditions. The Green Box (described in Annex 2 of the Agreement in Agriculture) sets out domestic support measures that are considered minimally or non-trade distorting, and WTO Members are allowed to take recourse to these measures without limitations. In fact, government spending under these measures can be increased to any extent. However in the case of public stockholding, a significant condition, causing enormous problems to developing countries, has been attached.

One condition is that food purchases by the government shall be made at current market prices and sale from public stockholding shall be made at prices not lower than current domestic market price. It is also stipulated in this context that the difference between the procurement price and external reference price should be accounted for in the calculation of Aggregate Measurement of Support (AMS), or so-called "trade distorting domestic support." This stipulation negates the objective of including "public stockholding for Food Security purposes" in the Green Box, since effectively the difference between procurement price and the external reference price is treated as a subsidy to the farmer and included in the AMS. This is especially because the external reference price has been defined as the international price prevalent on average in 1986-88. Food prices internationally, as well as domestically, have increased very significantly since then. Thus, this stipulation limits the ability of developing countries to im-

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WTO food fight

(Continued from page 5)

ment Goals of reducing hunger and poverty," says the report.

In the last months' negotiations at the WTO, this proposal was rejected, especially by developed countries like the United States which incidentally have subsidies of their own totalling hundreds of billions of dollars – much more than those of all the developing countries.

The rules are so riddled with double standards that these huge subsidies are allowed (since they were there in the past), while the subsidies of developing countries are severely capped because they did not previously subsidise (or only a little) as they could not afford to do so.

During the WTO talks, a counter proposal was put forward, that countries having public stockholding schemes would not have cases taken against them for four years. Meanwhile, there would be negotiations to find a "permanent solution."

However, those countries that have exceeded their allowed subsidy level, including due to the unfair calculation and definition of "subsidies", have to own up, show how much they have exceeded, give details of the purchase and stocks, and also show how the operation of the scheme is not trade distorting.

Just before the Bali Ministerial, the Indian Cabinet decided that they would agree to a temporary "peace clause" (agreement not to take up legal cases), but only if it lasts till a permanent solution is adopted, and also if the peace clause applies to both the WTO's agriculture and subsidies agreements.

The Indian Minister put this proposal forward at Bali, and after several days of negotiations involving India, the US and the WTO Director General, a text was arrived at, basically agreeing to a peace clause until a permanent solution but only for existing programmes and only in relation to the Agriculture Agreement (thus not covering the subsidies agreement). It is thus of limited value. Negotiations will now have to take place at the WTO to find the "permanent solution." It should be done soon, and it should be an effective solution that is easy to use, to correct what is an unfair component of the WTO's agriculture rules.

Public stockholding of food supplies is used by many developing countries as part of their national food security policies.

plement schemes to assist their small farmers.

The main element of the G-33 proposal is that acquisition of stocks of foodstuff by developing countries with the objective of supporting low-income or resource-poor producers should not be included in the calculation of AMS. The G33 proposal if adopted would thus enable developing countries to formulate or implement such schemes to help their poor producers or families without the present restraints placed by the WTO agriculture rules. It would advance the cause of national food security, promotion of small farmers' livelihoods as well as fulfilling the Millennium Development Goals of reducing hunger and poverty.

We thus consider this proposal to be worthy of support and of great importance in contributing to the success of the WTO's 9th Ministerial Conference and to the reputation of the WTO as an organisation that is concerned with development and poverty reduction.

B. The Importance of Public Stockholding Programmes in Developing Countries

This issue is of major importance not only in terms of trade but also the livelihoods of millions of small farmers and the food security of people in developing countries. The acquisition of food stocks has always been an important instrument for development and was also used by many developed countries during their development process. It remains an important policy tool for developing countries for the following reasons:

(1) In the face of volatility of food stocks on the global market today and fluctuations in global food prices, building national reserves has been widely acknowledged to be a critical part of developing countries' food security strategy. Today's global food market is structurally different from the market when the Uruguay Round was completed. In the 1990s and early 2000s, food on the global market was cheap and stocks were plentiful. It is no longer so.

(2) Acquiring surpluses from some regions of the country and sending these supplies to other regions of the country that are food deficit has been and remains an important food security instrument for developing countries.

(3) Many developing countries continue to struggle with widespread rural poverty. At least 1.5 billion individuals depend on small-scale farming for their livelihoods. This remains a major issue especially when the share of the population engaged in agriculture continues to be significant and the industrial or services sectors cannot provide sufficient employment. For broad-based development to take place, countries must ensure that the living standards and purchasing power of the majority can be increased. Governments' programmes acquiring foodstuffs at administered prices are therefore an important avenue whereby resource poor farmers' incomes can be stabilised and even guaranteed.

(4) Article 11 of the International Covenant on Economic, Social and Cultural Rights imposes on States three levels of obligations in the realization of such right: to respect existing access to adequate food, to protect and to fulfill the right to food; they 'must facilitate it by proactively strengthening people's access to and utilization of resources and means to ensure their livelihood, including food security'. The adoption of the G33 proposal will be instrumental to the realization of the human right to food. Preserving the current situation under the Agreement on Agriculture might, in fact, force WTO Members to violate their human rights obligations.

C. The G33 Proposal to Correct the Present Treatment of Public Stockholding

At present **"Public Stockholding for Food Security Purposes"** is included in the Green Box, the category of subsidies that are minimally or non-trade distorting. There are many other items also in this Green Box, including measures to protect the environment and subsidies to farmers that are not directly tied to production, most of which are used by the developed countries, which provide very large amounts of subsidies under this Box. WTO Member countries are allowed to provide all these other Green Box subsidies without limit. However only in the case of the Public Stockholding for Food Security Purposes does the Agriculture Agreement place the condition that the difference between the acquisition price and the external reference price should be accounted for in the AMS.

This treatment of the developing countries' support for public stockholding is discriminatory and there is thus much logic in the G33 proposal not to count this expenditure as part of the trade distorting subsidy which goes into the calculation of AMS. Just like the treatment for other Green Box measures such as decoupled supports, insurance, environmental protection and other support instruments provided by developed countries under the

'Green Box', Public Stockholding for Food Security Purposes should all the more be treated as a Green Box measure without any conditions attached to it.

It is important and pertinent to note that the G33's proposal (JOB AG/22 13 November 2012) is not a new proposal only recently formulated by the group. In fact the proposal reproduces a part of the last version of the WTO's Doha agriculture modalities text of 6 December 2008 (TN/AG/W/4/Rev.4, Annex B). The text on this issue had been included by the Chair of the Agriculture negotiations in this modalities draft, without square brackets, denoting that it enjoyed consensus and that the text on this issue had there was already 'stabilised'.

The G33 proposal therefore is being put forward as a text that had already been agreed to by the Membership, and that should be part of an "early harvest" of the Doha work programme.

The proposal is also in line with the 2001 Doha Ministerial mandate and the subsequent mandate from the 2005 Hong Kong Ministerial recognising the need of developing countries to safeguard food security, rural livelihoods and rural employment.

The G33 proposal would also provide a solution for the discrimination in the way the Agreement on Agriculture rules stipulate how the AMS is to be calculated when developing countries undertake public stockholding programmes. The present formula in the Agreement leads to an artificial and inflated figure, making it very difficult for developing countries to provide for or to implement these programmes in an adequate manner or to an adequate extent. The reason for this problem is that prices of agricultural commodities, especially staple foods, and including vegetables and meats, have increased manifold, in some cases by three or four or more times, compared to the period when the Uruguay Round was negotiated. Yet the benchmark used to calculate the AMS supports as stipulated by the Agreement is still the prices of 1986 – 1988. Thus there would be a very significant difference between the prices at which the government presently purchases food items from the farmers or the traders, and the reference prices which are based on 1986-88 levels. Such large price differences would be used to count the amount of subsidies. With this type of calculation, which is clearly unfair, the government schemes could easily exceed the maximum level of AMS or any *de minimis* that the developing countries could have.

This is especially because most developing countries declared zero or low amounts of AMS in their Uruguay Round schedules, as they were too poor to provide subsidies in the past periods and their negative support was not reflected in their AMS schedules. Thus many of them have to rely on the *de minimis* subsidies (which are limited only to 10% of the production value for the majority of developing countries, and 8% in the case of China). The G33 proposal sidesteps these problems by making developing countries' public stockholding programmes a Green Box measure without any conditions thereby bringing this Green Box measure in line with other Green Box measures largely used by developed countries. This implies that the developing countries will not have to restrict their Public Stockholding programmes fearing that they may breach their 10% *de minimis.*

D. Need to Correct Imbalance in the Treatment of Subsidies

At a systemic level, the proposal in its original form, if accepted, would have injected a small dose of 'equity' in the Agreement on Agriculture. A major and glaring loophole created in the Uruguay Round's Agreement on Agriculture to the benefit of the developed countries was the 'Green Box' (or Annex 2 of the Agreement on Agriculture). The Green Box allows countries to provide a range of support programmes in agriculture, and these supports can be provided without limits. However, the programmes elaborated upon under the Green Box (Annex 2) are those provided by developed countries. They include direct payments to producers, decoupled income support (supports given to landowners whether or not they produce as these subsidies are not tied to production), insurance payments of various forms and structural adjustment assistance to retiring producers or resource retirement programmes. The programmes that developing countries provide – government purchases from producers at administered prices—though included in the Green Box, has to be 'counted' under a country's AMS (footnote 5 of Annex 2), if the administered price is more than the external reference price, determined on the basis of 1986-88 prices.

Thus, the current Agreement on Agriculture imposes a triple jeopardy on developing countries. First, a subsidy is alleged when foodstuffs are procured from low-income or resource-poor producers at an administered price by artificially comparing this price with 1986-88 prices. This is most inappropriate. Second, in some cases, the subsidy is calculated on the total production and not on the quantity actually procured, which also inappropriately magnifies the amount of the alleged subsidy (see Box in next page). Third, this alleged subsidy is required to be counted as a trade distorting subsidy, whereas huge and real subsidies given by developed countries to their farmers under similar or equivalent programmes are not to be counted as a trade distorting subsidy.

This inequity in the rules is further compounded by the fact that most developing countries bound themselves at zero AMS in the Uruguay Round (this was the case for 61 out of 71 developing countries when the WTO came into effect). Since then, most acceding developing countries have also had to bind their AMS at zero. Those developing countries which have declared providing some AMS in fact only provided very small amounts due to their fiscal limitations. As a result, developing countries effectively bound themselves to not being able to provide 'trade-distorting' (AMS) domestic supports aside from the 'de minimis' amount.

In stark contrast, developed countries in the Uruguay Round declared high levels of AMS. Their Uruguay Round commitment was a reduction of AMS supports by only 20%, over the implementation period of 6 years—1995–2001. Since 2001, there is no commitment for them to reduce their AMS. After reductions, at the end of its Uruguay Round implementation, the US has a bound AMS ceiling of USD 19 billion. The EU (27) has a bound AMS ceiling of 72 billion euros.

Since the understanding in the Uruguay Round is that the developed countries would have to progressively reduce their AMS, there has been a move by the major developed economies to shift more of the supports to the Green Box, while maintaining very high levels of their overall subsidies. WTO data show that the total domestic support of the United States grew from US$61 billion in 1995 (of which $46 billion was in the Green Box) to US$130 billion in 2010 ($120 billion in the Green Box). The European Union's domestic support went down from 90 billion euro in 1995 (19 billion in the Green Box) to 75 billion euro in 2002 and then went up again to 90 billion in 2006 and 79 billion in 2009 (of which 64 billion euro was in the Green Box). A broader measure of farm protection, known as total support estimate, which is used by the OECD in its reports on agricultural subsidies, shows the OECD countries' agriculture subsidies soared from US$350 billion in 1996 to US$406 billion in 2011.

In sum, while those developing countries declaring zero trade distorting domestic supports were locked into providing zero amounts of supports apart from the 10% de minimis product-specific AMS, developed countries providing large amounts of AMS could still continue doing so with a 20% reduction, while also moving large parts of the subsidies to the Green Box.

During the negotiations at the WTO, several WTO Members, mostly developed countries, have argued against the G33 proposal, with some stating that it might lead to a distortion of trade. They have sought to drastically narrow the scope of the proposal, and to attach many conditions. One of the suggestion is to provide an interim measure, in particular a peace clause (i.e. that there be no dispute settlement cases taken against a country undertaking public stocktaking) for a limited period e.g. two or three years.

The prevention of a permanent solution along the lines of the G33's original proposal would lead to a lost opportunity to attaining some small amount of re-balancing to an iniquitous Agreement. If such an interim 'peace clause' solution is accepted, it should only expire upon the conclusion of the agricultural negotiations mandated under Art. 20 of the Agreement on Agriculture in accordance with para 13 of the Doha Ministerial Declaration and a permanent solution along the lines of the original G33 proposal has been found. It should also not be accompanied by cumbersome conditions that would reduce its usefulness when it is put into operation. In addition, the Peace Clause should cover any dispute arising from the Agreement on Agriculture as well as the Agreement on Subsidies and Countervailing Measures (ASCM).

Ashoke Chakrabaty

Food production by small farmers is important in most developing countries and reform of WTO's agricultural rules on public stockholding has emerged as a major issue of negotiation.

Distortions in Calculations Pertaining to Acquisition of Foodstocks

If a fair method of estimating subsidies was used, when a government procures from producers, the subsidy amount should be calculated as the difference between the government's procurement price (administered price) and the current market price, multiplied by the volume the government had actually purchased. This, however, is not the formula in the Agreement on Agriculture. Annex 3 paragraph 8 states:

'Market price support shall be calculated using the gap between the fixed external reference price and the applied administered price multiplied by the quantity of production eligible to receive the applied administered price.'

- The fixed external reference price was fixed upon the conclusion of the Uruguay Round. It is the average f.o.b. (free on board) price that has been notified by a country for a product for 1986 – 1988. Due to the time that has lapsed, this price is often much lower than the present price.

- The applied administered price can be the acquisition price announced by the government in advance. This is the price paid by the government to producers when they would sell the product directly to the government.

The 'production eligible to receive the applied administered price' has been interpreted by some as 100% of total production in a country (as illustrated in the calculations on http://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm). That is, even if a government only procures only a small portion of a product from producers, they have to calculate the AMS supports as if they had provided price supports for the entire domestic production of that product.

The end result is that the amount of subsidy attributed to the government is not what that government has actually provided as subsidy, but a much bigger, inflated figure. With these rules, it is almost inevitable that developing countries will surpass their allowed 10% product-specific de minimis, even if they procure only very small volumes of a product.

WTO Negotiations on Trade Facilitation: Development Perspectives

The following is a report that has drawn upon discussions at two Expert Group Meetings held in 2013 on the Multilateral Trading System organised by the South Centre in the preparation of the WTO's 9th Ministerial Conference in Bali in December 2013.

This report relates to the negotiations on a Trade Facilitation agreement in the WTO, pointing out several development aspects and implications of the proposals on such an agreement.

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This report was written before the WTO's Ministerial meeting in Bali which adopted a trade facilitation agreement.

A. Introduction

An agreement on trade facilitation has been proposed as an outcome from the Bali WTO Ministerial Conference. WTO Members formally agreed to launch negotiations on trade facilitation in 2004 pursuant to the July 2004 Framework Package (referred to as the post-Cancun decision). The main proponents are the major developed countries, while many developing countries have taken a defensive position. In fact the developed countries have been advocating trade facilitation for many years. It was part of the four 'Singapore Issues', along with investment, transparency in government procurement, and competition, which many developing countries had proposed to remove from the Doha negotiating agenda during the 5th WTO Ministerial Conference in Cancun. Eventually three of the issues were removed from the agenda through the July 2004 package whilst trade facilitation remained on the table.

The trade facilitation negotiations have been focused on measures and policies intended for the simplification, harmonization and standardization of border procedures. They do not address the priorities for increasing and facilitating trade, particularly exports by developing countries, which would include enhancing infrastructure, building productive and trade capacity, marketing networks, and enhancing inter-regional trade. Nor do they include commitments to strengthen or effectively implement the special and differential treatment (SDT) provisions in the WTO system. The negotiations process and content thus far indicate that such a trade facilitation agreement would lead mainly to facilitation of imports by the countries that upgrade their facilities under the proposed agreement, as an expansion of exports require a different type of facilitation involving improving supply capacity and access to developed countries' markets. Some developing countries, especially those with weaker export capability, have thus expressed concerns that the new obligations, especially if they are legally binding, would result in higher imports without corresponding higher exports, which could have an adverse effect on their trade balance, and which would therefore require other measures or decisions (to be taken in the Bali Ministerial) outside of the trade facilitation issue to improve export opportunities in order to be a counter-balance to this effect.

Customs officials in Honduras inspecting imported goods: The trade facilitation treaty will introduce new systems and regulations, posing a challenge to developing countries.

Another major concern that has been voiced by the developing countries is that the proposed agreement is to be legally binding and subject to the WTO's dispute settlement system, which makes it even more important that the special and differential treatment for developing countries should be clear, strong and adequate enough. The negotiations have been on two components: Section I on the obligations and Section II on special and differentiated treatment (SDT), technical and financial assistance and capacity building for developing countries.

Most developing countries, and more so the poorer ones, have priorities in public spending, especially health care, education and poverty eradication. Improving trade facilitation has to compete with these other priorities and may not rank as high on the national agenda. If funds have to be diverted to meet the new trade facilitation obligations, it should not be at the expense of the other development priorities. Therefore it is important that, if an agreement on trade facilitation were adopted, sufficient financing is provided to developing countries to meet their obligations, so as not to be at the expense of social development.

B. Negotiations mandate and text

The negotiation mandate established in the "Modalities for Negotiations on Trade Facilitation" of the 2004 July Package was confined to "clarifying and improving" relevant aspects of trade facilitation articles under the GATT 1994 (i.e. Articles V, VIII and X GATT), with a view to further expediting the movement, release and clearance of goods, including goods in transit. Thus, the negotiations are not meant to limit or eliminate the rights and obligations of Members under the three GATT articles or to impinge on national policy and regulatory space. Yet, several of the proposed provisions, as discussed below, are in fact amending, not just clarifying, the GATT Articles V, VIII, and X. This goes beyond the negotiation mandate and would require, as mentioned below, an amendment of the GATT in accordance with the procedures provided for by the Agreement Establishing the WTO.

The negotiation mandate sets an intrinsic link between Section I and Section II of the draft text referred above, whereby it conditions implementation by developing countries and LDCs on the acquisition of financial and technical capacity, based on the delivery of assistance by developed country Members of WTO (as contained in Paragraphs 2, 3, 6 of Annex D of the "July package" WT/L/579).

Major issues in the negotiations and arising from the draft texts

The following are the main issues of concern for a large number of developing countries in the trade facilitation issue.

Many developing countries have legitimate concerns that they would have increased net imports, adversely affecting their trade balance. While the trade facilitation agreement is presented as an initiative that reduces trade costs and boosts trade, benefits have been mainly calculated at the aggregate level. Improvements in clearance of goods at the border will increase the inflow of goods. This increase in imports may benefit users of the imported goods, and increase the export opportunities of those countries that have the export capacity. However, poorer countries that do not have adequate production and export capability may not be able to take advantage of the opportunities afforded by trade facilitation. There is concern that countries that are net importers may experience an increase in their imports, without a corresponding increase in their exports, thus resulting in a worsening of their trade balance. Many of the articles under negotiations (such as the articles on 'authorized operators' and 'expedited shipments') are biased towards bigger traders that can present a financial guarantee or proof of control over the security of their supply chains. There is also the possibility that lower import costs could adversely affect those producing for the local markets.

The draft rules being negotiated, mainly drawn up by major developed countries, do not allow for a balanced outcome of a potential trade facilitation agreement. New rules under Section I are mandatory with very limited flexibilities that could allow for Members' discretion in implementation. The special and differential treatment under Section II has been progressively diluted during the course of the negotiations. Furthermore, while the obligations in Section I are legally binding, including for developing countries, developed countries are not accepting binding rules on their obligation to provide technical and financial assistance and capacity building to developing countries.

The trade facilitation agreement would be a binding agreement and subject to WTO dispute settlement. The negotiating text is based on mandatory language in most provisions, which includes limited and uncertain flexibilities in some parts. Accordingly, if a Member fails to fully implement the agreement it might be subject to a dispute case under the WTO DSU and to trade sanctions for non-compliance. The cost of non-compliance could thus be significant; and to avoid potential trade sanctions, countries may have to invest in infrastructure and incur substantial costs to comply with binding commitments. It is worth noting that several WTO Members have been already challenged under WTO dispute settlement based on the grounds established by articles V, VIII, and X of the GATT 1994.

Many of the proposed rules under negotiations are over-prescriptive and could intrude on national policy and undermine the regulatory capacities and space of WTO Member States. The negotiating text in several areas contains undefined and vague legal terminology as well as 'necessity tests', beyond what the present GATT articles require. These could establish multiple grounds for challenging a broad range of WTO Members' laws, rules, regulations and measures not only in matters that pertain to customs, but also on more broadly trade-related matters and on regulations 'on or in connection with' import, export and transit of goods (for example, in the proposed article 1 on 'publication and availability of information' and article 6 on 'disciplines on fees and charges').

Several provisions would have significant influence on national legislative processes. For example, some of the articles proposed under the agreement refer to an undefined open-ended category of 'interested parties' which have to be included among those which a country has to consult prior to introducing new laws or measures (article 2 on 'prior publication and consultation'). The reference to the category 'interested parties' is not in the present GATT 1994. It could include an expanded list of entities that have a direct or indirect relation to the trade transactions covered by the agreement, and do not necessarily have to be located in the territory of the Member implementing the measure. This may lead to lobbying and pressures by various interest groups from outside the Member, which could have an undue influence on national regulatory and legislative processes. None of the relevant GATT 1994 articles seem to require any consultation with any party, inside the Member or outside, prior to promulgation of laws or administrative regulations. There is only requiring prior publication before enforcement in certain cases. The proposed article would thus introduce a totally new obligation which is intrusive with regard to a Member's regulations.

Several of the provisions under negotiations could hold significant administrative and institutional burdens on LDCs and other developing countries. Customs and customs-related institutional mechanisms in these countries are not as advanced compared to developed countries. It is worth noting that most of the proposals based on which negotiations are undertaken were presented by developed countries, reflecting the nature and form of practice that they already undertake at the national level. Thus, developing countries are asked to converge to the practice and standards of developed countries. While some developing countries may have the capacity to upgrade their capacity accordingly, many others will have difficulties in aligning the facilities of all their customs agencies and in all regions of the country.

Meeting the obligations is likely to involve significant costs for developing countries. The costs include human resource expenses, equipment and information-technology systems, as well as other significant infrastructure expenditures. These costs would not be limited to a one-time investment and most of them are of a recurring nature, and would thus be a burden especially on low-income countries.

For example, Turkey's efforts to modernize its customs information technology required USD28 million. In Morocco, the costs of information and communication technologies (ICT) were estimated at US$10 million, while in Chile the total investment cost of implementing an automated customs system amounted to USD5 million in the early 1990s. In Jamaica, the introduction of the computerized customs management system cost about USD5.5 million. Tunisia needed US$16.21 million to computerize and simplify procedures.

Furthermore, a 2003 OECD report highlighted that in Bolivia, a five year project for customs modernization cost USD38 million, of which about USD25 million was spent for institutional improvements and USD9 million for computerized systems. For Chinese Taipei, express clearance alone necessitated establishing 20 new processing lines each equipped with an X-ray scanning machine. There are a total of 117 officers at the express division, working day and night shifts so as to provide a continuous day and night long service.

The infrastructure and automated systems mentioned above are only part of the investments required to allow implementing the practices stipulated under a potential trade facilitation agreement. A World Bank report noted that the costs of implementing ICT at customs is only part of the life cycle cost of these systems and that too often these maintenance and upgrading costs are underestimated and not adequately included in the life cycle costs.

Accordingly, meeting these costs will necessitate an allocation in the national budgets and could divert limited resources from public services, such as health care, food security and education to customs administration. This is the reason developing countries are insisting that the additional costs of meeting the new obligations are provided to them, as was the understanding when the trade facilitation negotiation mandate was established. However, there is not yet a binding or adequate commitment for the provision of new and additional funds.

Most trade facilitation provisions under negotiations are entirely new or go far beyond what the World Customs Organization (WCO) Revised Kyoto Convention (RKC) requires. The arguments that the proposed trade facilitation agreement would largely be a copy of the RKC, or that it would simply reaffirm what most Member states already agreed to in the RKC, do not hold, as it would contain obligations that go beyond the Convention. Moreover, any obligation undertaken under a new agreement on trade facilitation could be enforced through the dispute settlement body of the WTO and through cross-sectoral retaliation among countries, unlike the Kyoto Convention.

To be balanced, a trade facilitation agreement requires strong and effective rules under Section II on SDT for developing countries, particularly the LDCs. These countries need clear and mandatory rules to operationalize the intrinsic link between their obligation to implement and their acquisition of capacity. Procedural rules under the Section II should not be burdensome on these countries in a way that dilute their rights as provided for under Annex D. They should be able to designate themselves the provisions under Section II, and to determine when they have acquired the capacity. Moreover, the agreement should include mandatory rules on obligations by developed country members to provide long-term and specific financial and technical assistance, and capacity building to developing and least developed country Members in accordance with their specific needs for implementing their obligations. A trade facilitation fund should be established to ensure resources for the long term.

Finally, in order for a trade facilitation agreement to be made legally effective and become part of the WTO body of law, it should be adopted through an amendment to the multilateral trade agreements in Annex 1A of the WTO Agreement. An agreement along the lines being proposed would alter the rights and obligations of Members under GATT 1994. An amendment of this has to be undertak-

Customs officers at the Port of Dakar assess the value of imported goods. The trade facilitation treaty will require new regulations and procedures.

en in accordance with Article X of the WTO Agreement. Accordingly, a potential trade facilitation agreement will take effect only after two-thirds of the WTO Membership has ratified it. Moreover, it will only be effective for Members that accepted it. The Members that accept the agreement will also accept applying the 'most-favoured nation' rules to their commitments, thus extending accepted preferential treatment to WTO Members having difficulties to accept the agreement.

C. Conclusion

While it may be beneficial for a country to improve its trade facilitation, this should be done in a manner that suits each country, rather than through international rules which require binding obligations subject to the dispute settlement mechanism and possible sanctions when the financial and technical assistance as well as capacity building requirements for implementing new obligations are not adequately addressed.

Thus one possibility is that the agreement provides that substantive provisions in the present Section 1 of the draft text are not legally binding on developing countries, just as the provision of financial resources and technical assistance is non-binding on developed countries. Instead, developing countries can endeavour to meet the obligations on an aspirational basis, and can apply for financial resources for programmes to upgrade their trade facilitation capacities.

In the case commitments under a multilateral trade facilitation agreement are undertaken, these should be approached in a way that would **provide developing Members and LDCs with policy space and flexibility to adopt and implement commitments commensurate with their capacity to do so, and subject to the provision of technical and financial assistance and capacity building.** Developing Members and LDCs could then, at their discretion, progressively move into higher levels or standards of implementation, when capacity exists to do so, taking into account their development context.

Achieving the above necessitates a balanced agreement with effective and binding rules on SDT that fully operationalize Annex D (2004). Moreover, least developed countries should be exempted from undertaking binding commitments as long as they remain LDCs. This would be consistent with the understanding in other components of the Doha work programme, where the draft modalities for agriculture and NAMA stipulate that LDCs are not required to reduce their bound tariffs.

Containers arriving at ports will have to be cleared faster under new trade facilitation rules.

On the basis of the current content of the negotiating text and given the current internal imbalance in the proposed agreement, developing countries are advised to be very cautious about rushing into a trade facilitation agreement by the ministerial conference in Bali, given the implementation challenges it carries. Furthermore, this decision should be considered in light of what developing countries and LDCs are able to obtain in other areas of interest to them.

A large part of the Doha work programme (the Doha Development Agenda) that would benefit developing countries and help to set right the imbalances of the Marrakesh Treaty remain to be completed. Developing countries and LDCs are advised to ensure that the entry into force of a trade facilitation agreement, if finally adopted, is linked to the conclusion of the Doha mandate with its development dimension fulfilled and based on the single undertaking.

As noted, some of the proposed obligations under a trade facilitation agreement would change current GATT 1994 provisions. Therefore, a formal process of amendment under article X of the Agreement Establishing the WTO would be required.

In case an agreement is accepted on a 'provisional basis', in the context of paragraph 47 of the Doha mandate, then WTO Members are advised to define what they mean by 'provisional'. The enforceability of the new agreement should be conditional upon the conclusion of the Doha Round as a single undertaking and the approval of the new agreement in accordance with the WTO rules. Hence, the DSU should not apply to the agreement when implemented on a 'provisional' basis. Within the period of provisional application, Members should be able to voluntarily choose to apply all or parts of the agreement. This may help avoid a scenario in which the developed countries would already have attained a definitive agreement on trade facilitation and then have no more interest in negotiating or completing other issues in the single undertaking of the Doha round.

If a balanced text is not attained by the ministerial conference in Bali, negotiations on trade facilitation can continue post-Bali with a view towards attaining an agreement that is internally balanced, as well as within a balanced overall Doha outcome. Political arguments about the damage that could be made to the WTO as a global rule-making institution in case of failure to get an agreement on this subject should not be given precedence over the genuine interests of developing countries. Indeed, the greatest failure of the WTO will be to make decisions that do not 'ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development'.

South Centre Paper on Sustainable Development Goals

SDGs: Technology and Finance—The Means of Implementation

The following is a statement by Executive Director of the South Centre, Martin Khor, to the Open Working Group on Sustainable Development Goals held at the United Nations in New York on 9 December 2013.

1. Means of Implementation and Global Partnership for Development

The Means of Implementation (MoI) and Global Partnership for Development (GPD) are closely related. Both are the elements that most directly represent the cruciality of international cooperation that is needed to support developing countries in achieving the SDGs.

The means of implementation are mainly finance and technology that are needed to boost the financial and technical resources of developing countries in implementing the three pillars of SDGs. These are to supplement domestic resources, but it is realised that the local resources are not enough especially when the SDGs imply additional areas of action.

The global partnership includes the MoI of finance and technology. But it also includes other important elements such as the supportive structures or regimes of international trade, finance and technology, that are essential to creating the external environment needed by developing countries to support their domestic policies. Global Partnership also implies that in formulating their domestic policies, developed countries would take into account the effects they have on developing countries, and that they would formulate policies that are supportive to the global effort and to developing countries' efforts in particular.

Recommendation: The means of implementation should be included in each SDG so as to emphasise the importance of implementation. It should also be a chapter or a SDG in itself. In addition, the global partnership for development should be also a chapter or a SDG in itself, and elements of it should also be in the other Goals/Targets.

2. Technology

2.1 General

Technology is recognised in Agenda 21, Rio plus 20 outcome, and in the MDG Goal 8, as an essential component in MDGs and SDGs as both a Means of Implementation and as Global Partnership.

The central role of technology transfer to developing countries as well as the development of endogenous technology in these countries were recognised in the 1992 Rio Summit. Chapter 34 of Agenda 21 defines environmentally sound technologies in a comprehensive way as not just individual technologies but total systems that include know-how, procedures, goods and services, equipment and organisational and managerial procedures. It states the principle of the need for favourable access to and transfer of environmentally sound technologies to developing countries through technology cooperation enabling transfer of technological know-how and building up of economic, technical and managerial capabilities for the efficient use and further development of transferred technology.

The Johannesburg Plan of Action and the Rio Plus 20 outcome and other international documents or processes recognise the central importance of technology development, access and transfer.

Sustainable development and its components such as health care, climate change, energy access, can only be achieved if new technologies are available and if developing countries have access at affordable prices. This is especially if the three pillars of sustainability are to be simultaneously implemented. For example, in order to take climate actions, while still meet the goals of poverty eradication, full employment and reasonably high economic growth, there has to be a technological change or revolution in many sectors. For another example, to meet the goal of health for all, available medicines have to be affordable and new medicines also have to be discovered and made available. The challenge is greater because global environmental space whether in terms of resources or atmosphere has become much more limited, yet the needs of development are also growing.

Two other general points should be considered. First, the technology cycle includes research, development, demonstration, production at large scale (often called commercialisation) and diffusion. Each step requires its own attention. Developing countries should be enabled to take part in all aspects, though most of them are now seen as recipients at the diffusion stage.

Secondly, developing countries would like to climb the technological ladder. Technology transfer is not merely the import or purchase of machines and other hardware at commercial rates. A central aspect of technology development and transfer is the building of local capacity so that people and institutions in developing countries can design and make technologies which can be diffused into the domestic economy. As recognised in Agenda 21 (para. 34.12), a "critical mass of research and development capacity is crucial to the effective dissemination and use of environmentally sound technologies and their generation locally".

In the process of technological development, developing countries can go through three stages: (1) initiation stage, where technology as capital goods are imported; (2) internalisation stage, where local firms learn to adapt the imported technology to local conditions and to produce the technology; (3) and generation stage, where local firms and institutions innovate through their own research and development (R & D) (UNCTAD, 2007).

Technology transfer may involve the purchase and acquisition of equipment; the know-how to use, maintain and repair it; the ability to make it through "emulation" or reverse engineering; to adapt it to local conditions; and eventually to design and manufacture original products. The process of technology transfer involves progressively climbing through all these aspects.

Several conditions have to be present for technology transfer and development to take place. The absence of such conditions can form barriers to technology transfer. Among the barriers that are normally listed are poor infrastructure, inadequate laws and regulations, shortage of skilled personnel, lack of finance, ignorance of technology issues, high cost of certain technology agreements, problems created by equipment suppliers, and intellectual property rights.

Intellectual property rights has become an important and often contested issue in the discussion on technology transfer and development. Whether IPRs constitute a barrier or an important barrier depends on several factors, such as whether or not the particular technology is patented, whether there are viable and cost-effective substitutes or alternatives, the degree of competition, the prices at which it is sold, and the degree of reasonableness of terms for licensing, etc.

In terms of proprietary rights, technologies and related products can be usefully placed under three categories: those that are not patented and are thus in the public domain; those that are patented; and future technologies (which are likely to come under patents unless there are new mechanisms or initiatives).

2.2 Technologies in the Public Domain

Some technologies are in the public domain; they are not patented or their patents have expired. According to Agenda 21 (para. 34.9), a large body of technological knowledge lies in the public domain (are not covered by patents) and there is a need for the access of developing countries to such technologies as well as the know-how and expertise required to use them. In this case, the main barrier to technology transfer may be lack of financial resources, and international funds should be established to enable developing countries to purchase and to manufacture such technologies.

An important measure to promote sustainable development is to expand the space for technologies in the public domain, and to expand the transfer to developing countries of publicly-funded technologies. Governments in developed countries play an important role in funding R & D programmes, many of which are implemented by the private sector. In addition, governments sponsor a range of R & D that underpins private sector investments in developing environmentally sound technologies (ESTs) (IPCC, 2000, Chapter 3, page 95).

A paper for the UNFCCC surveyed government R & D funding of ESTs in the United States, Canada, United Kingdom and Korea. It found that in most countries, governments allocated their rights (patents, copyrights, trademarks, etc.) to the recipient research institutions to a significant degree. As a result, the diffusion of climate-friendly technology would "typically be along a pathway of licensing or royalty payments rather than use without restriction in the public domain" (Sathaye et al., 2005).

The Intergovernmental Panel on Climate Change (IPCC) study (2000) calls on OECD countries to influence the flow of such technology directly through their influence on the private sector or public institutes that receive funding from government for their R & D to be more active in transferring technologies to developing countries. It cites Agenda 21 (chapter 34, paragraph 34.18a) that "governments and international organisations should promote the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain." Products that emerge from publicly funded R & D should be placed in the public domain. Those that are partially funded should be in the public domain to the extent to which it is publicly funded.

At the international level, there can also be public funding and joint planning of R & D programmes. Products and technologies emerging from such publicly funded programmes should be placed in the public domain.

2.3 Patented Technologies

For technologies that are patented, there should be an understanding that patents should not be an obstacle for developing countries to have access to them at affordable prices. Agenda 21 (para. 34.10) states that: "Consideration must be given to the role of patent protection and intellectual property rights along with an examination of their impact on the access to and transfer of environmentally sound technology, in particular to developing counties, as well as to further exploring efficiently the concept of assured access for developing countries to environmentally sound technology in its relation to proprietary rights with a view to developing effective responses to the needs of developing countries in this area." Agenda 21 (para. 34.18e) also agreed that in the case of privately owned technologies, measures would be adopted particularly for developing countries, including developed countries creating incentives to their companies to transfer technology; purchase of patents and licenses for their transfer to developing countries; prevention of the abuse of IPRs including through compulsory licensing with compensation; providing funds for technology transfer; and developing mechanisms for technology access and transfer.

Flickr/Bruce Tuten

Making solar panels in Indonesia: Technology development and transfer is an important component of the Means of Implementation.

While the patent system provides incentives for innovation, it can also be a barrier to the transfer of technology to developing countries at affordable prices.

In the wide arena of sustainable development, there are some well-known examples. In health, the price of medicines can be prohibitively high; there is thus an increasing understanding that patients in developing countries can benefit from generics that are often many times cheaper. In the area of food production, the patenting of seeds and genes of seeds that have the characteristic of being drought resistant or flood resistant can hinder the use of these seeds by small farmers in developing countries. Just six companies and their partners control 201 or 77% of patent applications for 261 families of patents with gene characteristics of being resistant to drought, heat, floods and cold. In the climate area, some firms in some developing countries found it very difficult to obtain the license from patent holders to locally produce substitutes to the CFCs which were to be phased out under the Montreal Protocol, due to the high cost and onerous conditions placed by the patent holder for the license.

There are various ways in which the barriers posed by IPRs can be addressed within the framework of the WTO's TRIPS agreement. This has been dealt with by the UN MDG Gap Report for 2013, which recommends that developing countries make use of these TRIPS flexibilities such as compulsory licensing and government use, when needed, to promote access to essential medicines.

Some developing countries have previously proposed at the WTO that countries be allowed not to patent environmentally-sound technology so that its transfer and use can be facilitated. The relaxation of the TRIPS rules in the case of climate-related technologies has also been proposed by developing countries in the UNFCCC; however this met with opposition.

International measures can be taken to ensure that royalty and other conditions in voluntary licenses are fair and reasonable.

Governments can also facilitate easier access to compulsory licenses when required for specific purposes. For example the US Clean Air Act provides for CL of patented technologies needed to meet agreed standards, i.e. to comply with the emission requirements, no reasonable alternative is available, and where non-use of the patented innovation would lead to a "lessening of competition or a tendency to create a monopoly." A district court can, with the Attorney General's assistance, determine whether a compulsory patent license should be granted and set the reasonable terms.

A "Global Technology Pool for Climate Change" could be developed in which owners of ESTs place their IPRs in a pool, and make them available to developing country firms on payment of low compensation (in some circumstances royalty free) and on standard terms to be established. This approach has the potential to manage the patent system, regulate practices by the IP holder and makes it administratively and financially easier for access to take place.

2.4 R and D Model and Future Technologies

For technologies to be developed for future use, the nature of the funding of research and development will exert influence on the proprietary nature of the products and technologies. In line with the goal of having as many technologies in the public domain as possible, a technology fund can be set up for research and development for new technologies. Since the funding is made available by the fund, the patents for the inventions are to be owned by the fund. Inventions can then be made available to firms in developing countries through licenses at no cost or minimal cost.

This scheme would not of course prevent privately funded innovation activities from taking place, and the two could co-exist. However, the larger the resources available for global publicly funded R and D activities, the larger will be the share of future technologies that will be in the public domain.

The UN Secretary General's report on options for a technology facilitation mechanism (A/67/348, 4 Sept. 2012) also has many useful proposals, in line with the Agenda 21 proposals for the establishment of a collaborative network of research centres, support for cooperation and assistance programmes, and building capacity for technology assessment, and collaborative arrangements.

International collaboration for R and D (including arrangements for its financing) is an important possibility that should be explored fully. Models of collaboration (such as thost that existed or exists in agriculture, health, etc.) should be examined to see if the lessons learnt can be adopted and adapted for other areas such as climate change.

2.5 Technology Assessment

In order to promote the development and transfer of technologies, it is also important to assess the appropriateness of the technologies that are selected for development, transfer, and diffusion.

This is to ensure that the technologies that are so promoted are in accordance with the objectives of the UNFCCC, as well as in line with national needs and goals.

Criteria should be adopted to assess technologies that meet general acceptability as well as national conditions, needs and objectives. A mechanism can then be established on applying these criteria when selection of technologies takes place.

It is proposed that the following are among the principles/criteria to be considered:

1. Relevance to the objective of addressing the climate change problem;

2. Environmental soundness;

3. Safety to the environment and to human health;

4. Affordability, especially for developing countries;

5. Social acceptability and effects, including in relation to employment, equity, and cultural norms; and

6. Economic efficiency and cost-effectiveness.

It is clear that there could be trade-offs between and among some of the principles and criteria mentioned above. The methods for making choices in the context of trade-offs is therefore also important to consider and determine.

2.6 Recommendations

1. Technologies in the public domain should be encouraged and expanded.

2. Developing-country Governments are urged to make essential medicines and other essential products and technologies more available in their public facilities (drawing from MDG Gap Report 2013).

3. Developing countries are encouraged to make use of the TRIPS flexibilities in order to increase access to more affordable essential medicines and other products and technologies linked to sustainable development whenever conditions justify, through local production and importation (drawing from MDG Gap Report 2013).

4. Manufacturing companies in developing countries with the capacity to do so are encouraged to produce more affordable essential medicines locally, taking advantage of international efforts that facilitate such production (MDG Gap Report 2013). This should also apply to other products within the sustainable development framework.

5. New R&D initiatives that help delink the high cost of R&D from the price of the product need to be further developed and implemented (MDG Gap Report 2013).

Recommendations on New Technologies

• Governments of developing countries should accelerate efforts to increase access to and affordability of ICT, especially broadband Internet.

• Governments and research institutes of developed and developing countries are encouraged to continue supporting the efforts of the Technology Mechanism, including the Climate Technology Centre and Network, to increase the transfer of climate change–related technologies to developing countries. Developed countries are urged to scale up long-term climate finance and reach their commitments by 2020.

• The public and private sectors of developed and developing countries are urged to increase cooperation in expanding access to new technologies to enhance preparedness for and resilience to the effects of natural disasters.

• All United Nations Member States and stakeholders should re-examine and bring to the international agenda the importance and role of science, technology and innovation and the transfer of all relevant technologies in the achievement of development goals in all areas.

• Models of R and D and their financing should be explored that can finance innovation while aiming to achieve greatest possible access for developing countries. The delinking of innovation cost from the price of the product is an important potential objective.

• A system and structure for technology assessment should be established to be an important component of technology development and transfer arrangements.

(Note: The first 4 recommendations above are taken or drawn from the UN MDG Gap Report 2013).

2.7 Technology Facilitation Mechanism for Sustainable Development

The Rio plus 20 outcome mandated the UN Secretariat to report on a possible technology facilitation mechanism. The UN Secretary General report on this (A/67/348) examines and outlines recommendations on the functions, format and working methods of such a mechanism.

It recommends setting up several global networks: of science foundations; national business incubators; policy organisations; and technology transfer and information mechanisms.

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Developing or starting a pharmaceutical drug industry is one of the aspirations of many developing countries, which seek technological development to achieve this.

The report also gives suggestions on technology-related SDGs (with three goals of improving technology performance by a factor 4; universal access to sustainable technology; and global green innovation system for sustainable development).

The main recommendations of the SG report are that:

- A global technology facilitation mechanism is needed under the UN.

- The mechanism can draw from "lessons learnt" in the report as guidelines for deliberations on details of the mechanism.

- An inter-governmental preparatory working group should be set up to work out the institutional details of the mechanism.

Another recommendation should be that technology assessment should be an important component of the technology facilitation mechanism. This issue has also been recognised and discussed in the SG's report.

For the OWG-SDG, it is also useful to examine this report and draw from its lessons and recommendations for the work and outcome of the OWG.

3. Some Finance Related Issues as Means of Implementation

Finance issues are part of both means of implementation and global partnership. The following is an outline of some of the finance issues for MoI.

3.1 Reaffirm the target of 0.7% of GDP for ODA of developed countries

There is a significant section on ODA in the Rio+20 outcome. This should guide the discussion on the SDG on aid.

With the new and additional actions expected of developing countries, there is an expectation of new and additional financial resources to support the developing countries in implementing the SDGs.

There is thus grave concern over the decline in ODA in absolute amounts and in relative terms (i.e. as per cent of GDP) since 2011. Reports from the OECD show that ODA has fallen by a total of 6% in real terms in 2011 and 2012, the first decline since 1997. New actions in the environment including climate change will require additional financing; but this should not displace other worthwhile causes like poverty reduction, health and education and industrialisation. As the UN SG has said, "we must reverse this trend" (of declining ODA).

AP

Children at a rally for the right to food in India: Developing countries need financial resources to implement the SDGs.

There should thus be in the SDGs a reaffirmation of the need for progress rather than regression towards the ODA target of 0.7% of GNI.

3.2 Other external financing for development

ODA will not be sufficient for the ambitious SDGs. The OWG could thus examine other sources. For example, the Financial Transaction Tax scheme, to be implemented by 11 EU members, is expected to deliver some 30-35 billion Euros a year. It is designed "to ensure that the financial sector makes fair and substantial the contribution to public revenues" and to encourage it "to engage in more responsible activities". A portion of the taxes collected could be channelled to sustainable development financing.

3.3 External Debt

The UN MGD Gap Report 2013 notes that in 2012 some developing countries had to restructure their debt and additional countries are at high risk of debt distress, 9 of them in Sub Saharan Africa. The global economic slowdown, if it continues, is likely to result in a return of the debt crisis for more developing countries. Thus the debt issue, which was part of Goal 8, should also be given prominence in the SDGs.

The following are recommendations, some of them made by the MDG Gap Report , for consideration as inputs to the discussion on SDGs:

1. Assure timely debt relief for critically indebted developing countries struggling with unsustainable debt so as, inter alia, not to impede progress on the MDGs.

2. Encourage the international community to further develop and disseminate the tools and techniques for effective debt management, including by systematically taking into account the social dimension of debt sustainability.

3. Improve the timeliness and coverage of publicly available country debt data based on both creditor and debtor reporting systems so as to strengthen capacities for assessing debt sustainability and encourage greater transparency.

4. Devise principles for the path of adjustment to reduce excessive debt that strike a social and developmental balance between financing, debt restructuring and the pace of policy reform.

5. The financial requirements for a country to implement its SDGs should be an important factor to consider in debt sustainability assessments.

6. Establish an international sovereign debt restructuring and debt resolution mechanism under the auspices of the United Nations. The Working Group on this issue under UNCTAD could provide recommendations in this regard.

(The first four recommendations above are from the UN MDG Gap Report 2013 and placed here for reference.)

SDGs: Economic Issues at National and Global Levels

The economic pillar of sustainable development is crucial, yet relatively neglected. It should get its proper place in the Sustainable Development Goals. This paper deals with economic issues at national level (as Sustainable Development Goals) and at international level (as part of the new Global Partnership for Development). It is part of the South Centre's contribution to the United Nations process of establishing Sustainable Development Goals.

Economic development with a green environment—an aspiration for many countries.

A. Economic Issues

A1. National Goals and International Supporting Policies

The targets below can supplement MDG-like specific goals that may be set for developing countries. They need to be (a) pursued by developing countries and (b) supported by appropriate policies by advanced economies to enable and support the goals by developing countries and (c) supported by international actions.

1. Sustained economic growth in developing countries

Goal: Sustained economic growth is absolutely necessary for progress on the social front. No country has ever achieved constant improvements in living standards and human development indicators without sustaining a rapid pace of economic growth. Without this, progress in human and social development would naturally depend on external and domestic transfer mechanisms – that is, aid and redistribution of public spending, respectively. Since there are limits to such transfers, social progress cannot go very far without an adequate pace of income and job generation.

Growth targets: The international community should go back to setting growth targets for developing countries. The United Nations at the end of the 1950's fixed 5 percent as the target growth for the 1960's, the first UN Development Decade. It was raised to 6 percent for the 1970's, the Second UN Development Decade. The UN was just getting ready to fix 7 per cent for the 1980's when the world economy went into recession in 1974. A trend growth target of at least 6 per cent should be adopted for low income countries (LICs) in order to close their income gap with more advanced countries. Should growth fall short of the target for an extended period, action should be taken at the national level (policy adjustments) and/or international level (additional financing or debt relief or trade preferences) to achieve the target.

2. Full employment

Goal: Full employment as the key policy objective for both developing countries and advanced economies.

Job creation holds the key to improvements in living standards and to human development. But economic growth is not necessarily associated with creation of jobs at a pace needed to fully absorb the growing work force. Thus, active policies are needed to provide secure and productive job opportunities.

Targets: Set specific time-bound targets for overall and youth employment and use labour market, training and other policies, in cooperation with the ILO.

3. Equity and distribution

Goal: Ensure that the benefits of economic growth and development are distributed fairly and equitably and to improve the situation of income distribution and social equity.

Equity is an important ingredient of social cohesion and development. Prevention of widened inequality in income distribution calls for intervention, targeted policies and correctives.

Targets:

- Set a minimum limit to the share of bottom 20 per cent and a maximum limit to the share of top 5 per cent in national income and use taxes and social policy instruments (income supports, subsidies, provision of free housing, education and health services) to achieve these targets. (This is preferable to setting equity targets in terms of the Gini coefficient because, *inter alia*, it addresses both concentration and poverty.)
- Establish targets for minimum social spending in government budgets (e.g. 10 per cent of GDP), drawing on best practices in advanced economies.
- Strive towards decent wages and incomes for workers in the formal and informal sectors and agricultural producers.

4. Building productive capacity, economic diversification and development strategies

Goal: Developing countries should achieve sustained development of productive capacity, through implementing of development strategies that enable economic growth, employment generation including through adding value to commodities, industrialisation and agricultural development.

Many developing countries are still dependent on commodities. They need to add value through processing and resource-based industrialisation. They also need longer-term policies for industrial and agricultural development, and the support measures (national and international) to enable their implementation. Industrialization is essential for reducing income, productivity, technology and skill gaps with more advanced economies since there are limits to growth and development in commodity-dependent and service economies. It takes different shapes at different levels of development. But, it is not beyond reach even for some relatively small economies. On the other hand, many resource-rich economies closed income gaps with more advanced economies of their times only through industrial development. Developing countries require the policy space and the resources (finance and technology) and market access to enable this development to take place.

A2. The International Context: Actions required at the international level, through policies in developed countries or through international actions

In order that developing countries (DCs) are able to attain the macroeconomic goals, two types of supporting policies are needed: (a) National Policies in developed countries, (b) International actions and reforms.

To succeed in development, developing countries need to have adequate policy space. However, their policy space is considerably narrower than that enjoyed by today's advanced economies (AEs) in the course of their industrialization because of the tendency of those who reach the top to "kick away the ladder" and deny the followers the kind of policies they had pursued in the course of their development.

It is necessary to reform multilateral and bilateral arrangements to allow DCs as much economic policy space as those enjoyed by today's developed countries in the course of their industrialization and development.

DCs also enjoy much less environmental space than that enjoyed by today's AEs in the course of their industrialization, and hence face greater constraints in attaining growth and development without compromising future generations' well-being. Centuries of industrial development in AEs have left very little carbon space and much of it is still being used by AEs because of a very high per capita emission of carbon dioxide and other harmful gasses. DCs thus face the dilemma of either sacrificing growth and development or incurring large costs of mitigation to cope with the limited carbon space. In the same vein, global warming and increased instability of climatic conditions are already inflicting significant costs on several poor DCs, including those dependent on agricultural commodities and small-island economies.

Thus, action is also needed at the international level in order to ease the environmental constraints over economic growth and development in DCs and to meet the costs inflicted on them by environmental deterioration resulting from years of industrialization in AEs.

Finally, there is a need for a development-friendly global economic environment. We need mechanisms to prevent adverse spillovers and shocks to DCs from policies in AEs or destabilizing impulses from international financial markets.

Adequate policy space and a development-friendly global economic environment call for action at the international level on several fronts:

i. Review multilateral rules and agreements with a view to improving the policy space in DCs in pursuit of economic growth and social development.

ii. Attention to the international IP regime with a view to facilitating technological catch-up and improving health and education standards and food security in DCs.

iii. Industrial, macroeconomic and financial policies of DCs are severely constrained by BITs and FTAs signed with AEs. These agreements are designed on the basis of a corporate perspective rather than a development perspective and they give considerable leverage to foreign investors and firms in DCs. They need to be revised or reconsidered.

iv. Ensure favourable terms for commodity-dependent DCs in contracts with TNCs to enable them to add more value to commodities and obtain more revenues from commodity-related activities.

v. Establish and effectively implement a legally binding multilateral code of conduct for TNCs to secure social responsibility and accountability and prevent restrictive business practices.

vi. Introduce multilateral mechanisms to bring discipline policies in developed countries to prevent adverse consequences for and spillovers to DCs, including:

-- reducing or eliminating agricultural subsidies,

-- reducing or eliminating restrictions over labour movements ,

-- reducing or eliminating restrictions or barriers to transfer of technology,

-- ensuring that monetary and exchange rates policies made in developed countries fully take into account the effects on developing countries.

vii. Establish mechanisms to bring greater stability to exchange rates of reserve currencies and prevent competitive devaluations and currency wars, such as those seen during the current crisis.

viii. Full employment should be declared as a global objective, to be pursued by all countries without resort to beggar-my-neighbour exchange rate, trade and labour-market policies.

ix. Reversal of the universal trend of growing income inequality should also be a global goal. This calls for reversing the secular decline in the share of labour in income in most countries. This goal could be pursued through various means to establish a level playing field between labour and capital, including greater international mobility of labour, regulation of international financial markets and capital movements, more equitable taxation of wage income and incomes from capital and financial assets, prevention of tax competition and a code of conduct for TNCs. Pursuit of such a goal calls for breaking the dominance of finance and corporate interests in the formulation of policies and operation of the global markets. No single country alone can do this – it should be pursued collectively at the global level.

x. Regulate systemically important financial institutions and markets, including international banks and rating agencies and markets for commodity derivatives with a view to reducing international financial instability and instability of commodity prices.

xi. Establish impartial and orderly workout procedures for international sovereign debt to prevent meltdown in DCs facing balance-of-payments and debt crises.

xii. Provide financial resources and technology to developing countries to enable them to cope with environmental deterioration and climate change.

xiii. Introduce international taxes in areas such as financial transactions or energy to generate funds for development assistance as well as for financing the costs of climate change mitigation and adaptation in DCs.

xiv. Reform international economic governance in ways commensurate with the increased participation and role of developing countries in the global economy. Re-examine the role, accountability and governance of specialised institutions such as the IMF, the World Bank (WB) and the WTO, and the role that the UN can play in global economic governance.

B. International Economic Issues and Actions: Enhanced Global Partnership for Development

The shortcomings of the MDG 8 on Global Partnership are well known. The goals were ad hoc and the targets and indicators are also not systematically compiled. The SDGs and the Post -2015 agenda for development should not simply extend MDGs, reformulating the goals, dropping one or two and adding a few in areas such as environment and human rights. It should focus, instead, on global systemic reforms to remove main impediments to development and secure an accommodating international environment for sustainable development.

This is a big, ambitious agenda which cannot be acted on and achieved overnight. It should be prioritized and taken up in an appropriate sequence. International action for systemic reforms should be formulated as explicit commitments with appropriate time frames, going well beyond the generalities of Goal 8 of the MDGs. Without this, global partnership for sustainable development would remain an empty rhetoric.

B1. Policy Space for Developing Countries

1. Policy space in developing countries: Review multilateral rules and agreements as well as trade and investment bilateral agreements with a view to improving the policy space in developing countries in pursuit of the above national objectives.

2. Removing anti-development policies in advanced economies. Examples include:

• Eliminate exports subsidies for agricultural products and restrictions over transfer of technology in advanced economies.

• Encourage reserve-issuing countries to impose controls over destabilizing capital outflows to developing countries, as seen during the past 5 years.

• Developed countries should fully consider the effects of their financial and monetary policies on developing countries. Financial or monetary policies can result in financial instability not only in the developed countries themselves but also worldwide, with adverse effects on developing countries. (a) Lack of financial regulation has resulted in a global financial crisis and there is need for adequate financial regulation and re-regulation in developed countries. So far this has not been satisfactory. (b) Easy monetary policies can cause speculative flows of capital to developing countries with destabilising effects.

B2. Global Economic Governance

Reform international economic governance in ways commensurate with the increased participation and role of developing countries in the global economy. Re-examine the role, accountability and governance of specialised institutions such as the IMF, WB and the WTO, and the role that the UN can play in global economic governance.

B3. Trade Issues

• Reaffirm the primary importance of the multilateral trading system embodied in WTO.

• Discourage proliferation of bilateral FTAs that encroach on policy space of developing countries and divert trade from the multilateral arena.

• Ensure that trade and investment agreements enable rather than discourage or detract from policy space in developing countries that is required for their development.

• Reaffirm that agriculture is the sector where there is most trade distorting subsidies, express concern that domestic support in developed countries are maintained at very high levels (OECD data that this level has now crossed the $400 billion level), call for elimination of export subsidies in developed countries and very significant reductions in domestic supports in developed countries.

• Reaffirm the prime importance of food security in developing countries and that trade rules and negotiations have to recognise and respect this priority, as well as to promote the livelihoods and incomes of small farmers in developing countries.

• Reaffirm the need for improved market access for products of developing countries into the markets of developed countries.

• Support the proposals by LDCs for increasing their duty free quota free market access to developed countries with associated improvements to rules of origin for their products, and the quick phasing out of cotton subsidies.

• Maintenance of the development dimensions and concerns in the Doha Round and on that basis to continue the negotiations in WTO until their successful conclusion.

Labour mobility: Allow cross border competition over jobs for labour services to be delivered within national territories, as under Mode 4 of GATS.

B4. Financial Issues

1. Reaffirm the targets of 0.7% of GDP for ODA of developed countries:

• Recall the most recent statement on ODA in Rio+20 outcome.

• Express grave concern over the decline in ODA in absolute amounts and in relative terms (i.e. as per cent of GDP) since 2011.

• Reaffirm the need for progress rather than regression in the movement towards the 0.7% target.

2. Other external financing for development:

Introduce international taxes and other sources of revenue to establish a fund for development assistance independent of national budgets of donor countries. The size of the fund should match the external financing needed to meet the above growth target for LICs. This is needed to enable transition donor-dependency framework and to delink development assistance from highly politicised national budgetary procedures. The European Commission has already negotiated a Financial Transaction Tax scheme, to be implemented by 11 EU members, expected to deliver some 30-35 billion Euros a year. It is designed "to ensure that the financial sector makes fair and substantial the contribution to public revenues" and to encourage it "to engage in more responsible activities". If extended globally, such a tax could raise some $400 billion.

3. External Debt:

(a) Debt workout mechanism: Establish orderly workout procedures for international sovereign debt to replace ad hoc, disorderly and often chaotic negotiations between insolvent debtors and their creditors in order to safeguard the interests of both sides and to remove the legal vacuum that allows the so-called vulture funds to seek unjustified benefits at the expense of both debtors and creditors.

(b) Other assistance to countries to prevent debt distress situation and to manage debt problems. Provision of debt relief to developing countries, etc.

(c) Improve the definition and terms for debt sustainability and link these to developing countries' financial needs in relation to their fulfilment of MDGs and SDGs.

4. Financial regulations:

• Regulation of capital flows to prevent or minimise destabilising and volatile large cross-border flows of short-term capital.

• Bring systemically important financial institutions (large international banks and rating agencies) under regulation and supervision of an independent multilateral agency.

• Control and regulate speculation in the commodities markets.

5. Reform of the international monetary system:

• Address the shortcomings in the exchange rate and the international reserves systems.

• Reform the mandate, operations and governance of the IMF.

• With the objective or goal to reducing systemic financial instability, improving global governance and supporting development.

6. Improving Global Governance to enable participation and voice of developing countries

SDGs: G77 position on economic issues and finance and technology

The following is a statement on behalf of the Group of 77 and China by Mr. Peter Thomson, Ambassador, Permanent Representative of Fiji to the United Nations, Chairman of the Group of 77, at the 6th session of the Open Working Group on Sustainable Development Goals (New York, 9 December 2013). This statement deals with economic issues and the means of implementation (finance and technology).

The Group holds the view that the post-2015 development agenda should build on existing commitments and lessons learned from the implementation of the MDGs to ensure that new initiatives, both at international and national levels, reinforce previous successes while address important implementation gaps and systemic shortcomings.

We believe a transformative global development agenda must fulfill five key policy objectives: rapid and sustained economic growth; industrialisation; full employment; greater distributional equity; and environmental sustainability.

While the primary responsibility for sustainable development lies with the countries concerned, for developing countries, success depends on two fronts. At the national level, development success depends on effective design and implementation of industrial, macroeconomic and social policies. At the international level, success depends on the support of the international community and the need to have adequate policy space and an enabling global environment that ensure an appropriate pace and pattern of integration into the global economy. The international context therefore must take into account the different development status, priorities and circumstances of developing countries. This calls for a genuine departure from the market-based policies of development fashioned on the so-called 'Washington Consensus'.

In the context of the SDGs, the Group holds the view that each SDG should be linked with the strengthened global partnership for development with an effective means of implementation. The notion of 'means of implementation' consists of, among others, a mix of financial resources, technology development and transfer, as well as capacity-building. These means of implementation must be supported by actions from developed countries at the international level, such as time-bound financing targets; associated trade and economic policies; technology transfer and other resources to assist and enable developing countries efforts.

On financial resources, the Group of 77 reiterates its position that the Monterrey and Doha conferences on

Fiji's Ambassador Peter Thomson (on the screen) addressing the SDG working group on behalf of the G77 and China.

financing for development are a strong foundation for a post-2015 development agenda financing strategy. Sustainable development financing comes from external and domestic sources, and includes both public and private flows They should complement but not substitute for each other as each source of financing has its own role and objectives.

Public policies and sources of revenue are critical both to address market failures and to raise resources for financing long-term investments in infrastructure, high risk investment such as innovation and new technologies, global public goods, the development of small and medium enterprises and other important aspects of an inclusive society like social protection, basic education, decent sanitation and gender equality. Despite previous debt relief initiatives and recent efforts, many developing countries still have substantial amount of state resources tied up in debt repayments. In this regard, it is imperative that a permanent and effective sovereign debt workout mechanism must be created to resolve the debt problem. Moreover, concerted efforts are also required to address the illicit financial flows, which seriously undermine many developing countries' efforts to mobilise domestic resources.

Globally, official development assistance remains an important source of public financing for developing countries, particularly those without sufficient access to other sources. We express grave concerns that ODA has fallen for two consecutive years, by a total of 6 per cent in real terms, to $125.6 billion in 2012. We urge for prompt action to reverse this decline and call for progress towards the 0.7 per cent of GNI target, including the 0.15 per cent to 0.20 per cent target for least developed countries.

The pivotal importance of science, technology and innovation, knowledge-sharing and capacity building for eradicating poverty and achieving sustainable development has recently been confirmed at the Rio+20 Conference. STI can be the "game changer" of the socio-economic situation of developing countries. Development of STI capacities has been proven to be an important prerequisite for the social and economic transformations that enable sustainable economic growth, human development and poverty eradication. Technology plays a key role in addressing development challenges across a wide scope of cross-cutting sustainability dimensions, including food and agriculture, water, energy, and industry development.

Developing countries rely heavily on technology in order to shift to a more sustainable development path. To help developing countries overcome obstacles to economic growth to achieve specific development goals, it is imperative to bridge the technological divide to promote sustainable industralisation and inclusive growth across the developing world.

Despite recent progress in access to technology, technological and innovation divides between countries and regions persist. Around 70 per cent of R&D spending worldwide, still takes place in developed countries. Disparities in scientific capacity and STI development levels between developed and developing countries remain significant.

Developing countries are still facing many obstacles, particularly with regard to access to finance, capacity building and training throughout different stages of the technology life cycle, from research to development, demonstration, market formation, and eventual diffusion in the market place. An effective technology innovation system is one that excels in each stage and seamlessly bridges the gaps between them. In such a system, capacity-building, finance and technology transfer can play an important role in all stages.

As we stress the need for a 'transformational' change in the framework of SDGs and the post-2015 development agenda, it is difficult to envisage how it could take place without a break-through in international cooperation in the field of technology transfer. There is an urgent need for a technology mechanism that can accelerate technology transfer and diffusion on a global scale which commensurates with the sustainable development challenge.

The Rio+20 Outcome Document recognised technology as one of the key 'means of implementation' along with finance, capacity building and trade. It called for exploring options for a facilitation mechanism that promotes the development, transfer and dissemination of clean and environmentally sound technologies, taking into account existing models. The process to establish such a mechanism is an integral part of the Rio+20 package, a third stream that complements the other two streams on SDGs and finance. For this purpose the Secretary General issued two reports, and four workshops held earlier in 2013 provided an opportunity for in-depth discussions. They validated the analysis contained in the first report by the Secretary General recommending the establishment of an open-ended intergovernmental working group to decide on the modalities and organisation of a UN global technology facilitation mechanism, and they emphasised the view that a comprehensive approach is needed.

The Group notes with satisfaction that it has been decided recently that efforts will continue to advance the initiative further by holding four structural dialogues during the current GA session, to focus on considering the possible arrangements, as well as the possible modalities and organisation for such a mechanism. A summary of the discussions and recom-

(Continued on page 30)

South Centre's Visit to Brazil

A South Centre delegation went on a highly productive visit to South America in August 2013. The trip covered Brazil, Argentina and Uruguay. The South Centre team visited senior government officials and scholars in these countries, and co-organised seminars with national organisations. The team included Executive Director Martin Khor; Chief Economist Yılmaz Akyüz; Carlos Correa, Special Advisor on Trade and IP; Manuel Montes, Senior Advisor on Finance and Development; and Adriano José Timossi, Researcher. The following pages carry reports and photographs of the visit.

By Manuel Montes and Adriano José Timossi

In the first three weeks of August 2013, senior staff of the South Centre held a series of joint workshops and seminars with its partners in Latin America. The main context of these events was to debate the challenges posed by the continuing global economic crisis. The South Centre and its partners were conscious of the fact that international conditions are worsening with the end of the regime of low global interest rates, reversal of capital flows, continued weak economic growth in major markets, and widening issues in policy uncertainty.

Workshop: Global economic crisis, developing countries and policy responses

The Brazilian Development Bank (BNDES) hosted the joint South Centre-Multidisciplinary Institute for Development and Strategies (MINDS) workshop entitled "Global economic crisis, developing countries and policy responses" on 8 August 2013 in Rio de Janeiro. Mr. João Carlos Ferraz, Director of BNDES, Mr. Rogério Sobreira, Executive Director of MINDS, and Mr. Martin Khor, Executive Director of the South Centre, opened the workshop, attended by around 40 academics, policy analysts, and civil society participants. Mr. Ferraz warned that in the protracted global crisis, market fundamentalist policies, which had been discredited by the crisis itself, is resurfacing in many Latin American countries and that some pundits are warning that "the boys are back in town" (referring to the "Chicago boys" who had been associated with such policies and macroeconomic instability in the 1970s and 1980s in the region).

In session 1, in the keynote speech, Dr. Yilmaz Akyuz, Chief Economist of the South Centre, discussed the impact on developing countries of the crisis response policies by the advanced economies. He stressed that these policies will prevent a return to the conditions which had helped developed countries grow strongly in the 2000s and there is a need to withdraw from them. Developing countries cannot continue to rely on foreign demand and easy international credit conditions in the near future.

Ms. Yuefen Li, Head of the Debt and Development Finance Branch in UNCTAD, discussed the efforts of China to reduce its dependence on foreign demand and how this would not be an easy transition. The policy challenges facing developing countries and Brazil in maintaining macroeconomic stability and expanding long-term investment to sustain growth were discussed by Dr. Richard Kozul-Wright, Director of the Division on Globalization and Development Strategies of UNCTAD and Dr. David Kupfer, Advisor to the Presidency of BNDES. The need to protect and enhance the development policy space to respond properly to the global situation in the context of the limitations coming from the WTO and free trade regimes was the topic of Mr. Martin Khor's presentation.

In the last session, Dr. Manuel F. Montes, Senior Advisor on Finance and Development of the South Centre, discussed the list of systemic reforms that would be needed to create a global enabling environment for development and Dr. Leonardo Burlamaqui, Program Officer at the Ford Foundation, explored the potential mutually-beneficial economic cooperation among developing countries, using the Brazil-China nexus as an example.

Meeting with the Economic Department, Ministry of Foreign Affairs of Brazil

The South Centre held a roundtable discussion with the Economic Department (DEC) headed by Ambassador Paulo Estivallet de Mesquita in the Ministry of Foreign Affairs premises in Brasilia on August 9. The roundtable was attended by 15-20 officials from the Ministry.

Dr. Yilmaz Akyuz made the keynote presentation, followed by Ambassador de Mesquita and Mr. Martin

At the workshop in Rio de Janeiro hosted by BNDES and MINDS. L-R: BNDES Director Mr. Joao Carlos Ferraz, South Centre Executive Director Mr. Martin Khor and Mr. Rogerio Sobreira, Executive Director of MINDS.

L-R: Ambassador Paulo Estivallet de Mesquita, Mr. Martin Khor, Dr. Yilmaz Akyuz and Dr. Manuel Montes conducted a lively Round-table discussion at the Ministry of Foreign Affairs of Brazil, also known as Itamaraty.

Khor. The impending negative global economic conditions for developing countries became a key topic of discussion.

In the interactive dialogue, a number of diplomats praised the work that the South Centre has been doing in Geneva. A former Brazilian delegate on intellectual property negotiations in the country's Geneva Mission gave his own testimony of the role of the South Centre and of its important job of coordinating positions. The South Centre was more than a meeting place, not only for the exchange of views but also contributed technical resources to carry out background work crucial to substantiating developing positions. Dr. Akyuz said that in many ways the South Centre is continuing some of the work started by UNCTAD on issues of interest to developing countries.

There was an active debate on inter-regional trade and investment agreements, trade policy and industrial policy, crisis on emerging economies, and China and its role for global development (China can have many roles including as economic competitor, as a source of manufactured goods, as destination of commodity exports).

Meeting with Brazil's Foreign Policy Advisor to the Presidency

The South Centre met Mr. Marco Aurélio Garcia, Chief-Advisor on International Affairs and his team, Mr. Aldo Faleiro (Minister) and Mr. Rodrigo Estrela de Carvalho (Advisor) at the Office of the President of the Republic, Palácio do Planalto on 9 August. Mr. Garcia, a well-known historian, also served former President Lula da Silva in a similar capacity. He is keen to see Brazil become a key global player in issues of development and the restructuring of North-South relations. Mr. Garcia highlighted the importance of the South Centre to address issues of relevance to developing countries.

In the past decade, Brazil has embraced the South-South Cooperation Agenda towards boosting integration among developing countries at sub-regional, regional and inter-regional levels with greatest examples including the Southern Common Market (MERCOSUR), Union of South American Nations (UNASUR), The Community of Latin American and Caribbean States (CELAC), Summit of South American-Arab Countries (ASPA), Africa-South America Summit (ASA), Forum of East Asia-Latin America Cooperation (FEALAC), India-Brazil-South Africa Forum (IBSA), Brazil-Russia-India-China-South Africa (BRICS) and the G20 also at the summit level.

On the global economy, Mr. Garcia also highlighted that the current scenario is marked by a highly uncertain international situation in various aspects and this is a consequence of the economic crisis and important geopolitical questions. He highlighted the fragmentation in global decision-making which requires greater efforts to analyze and to better understand the current context.

Mr. Martin Khor discussed some of the key issues behind the proposed inter-regional trade agreements being proposed by some powerful developed countries and their impacts on developing countries on key issues such as investment protection clauses, competitive neutrality, global value chains, state enterprises among others. Dr. Yilmaz Akyuz presented some key elements of the international economic scenario and warned that China will slow down in the coming years as the country will need to re-focus on do-

Mr. Martin Khor (left) reviewed key issues of regional and multilateral agenda with Mr. Marco Aurelio Garcia (centre). Mr. Aldo Faleiro (right) and Mr. Rodrigo Estrela de Carvalho also attended this meeting.

L-R: Senator Cristovam Buarque, Minister Marcelo Neri, and Mr. Martin Khor at the IPEA-South Centre Seminar.

IPEA

Dr. Yilmaz Akyuz making his keynote presentation during the IPEA-South Centre Roundtable Seminar.

mestic consumption. This will reduce commodity price increases in the international market affecting the trade balance of many countries strongly relying on exports to China. However, he stressed that the greatest risk for Brazil is now the increase on interest rates in the US. The reduction on foreign investments will result on deficits in the current account of Brazil and other developing countries. He called for more coordination among emerging economies.

IPEA-South Centre Roundtable Seminar on the Global Economic Crisis and Prospects for Emerging Countries

Prof. Marcelo Neri, Interim Minister of the Secretariat for Strategic Affairs of the Presidency of the Republic (SAE-PR) and President of the Institute for Applied Economic Research (IPEA), Brazil, Senator Cristóvam Buarque, former member of the Board of the South Centre and President of the Sub-Committee on Long-Term and Structural Themes of the Brazilian Economy, and Mr. Martin Khor welcomed the more than 60 participants in the IPEA auditorium on 12 August 2013 to the joint South Centre-IPEA seminar on the global economic crisis and prospects for emerging economies. In his welcoming remarks, Senator Buarque emphasized the importance of providing a high quality of life to the population in an environmentally sustainable way. This will require paying attention to income distribution and the provision of good wages and jobs.

In his keynote presentation, Dr. Yilmaz Akyuz highlighted the worsening global economic situation and the policy challenges that these conditions pose for middle income countries.

In the first session, moderated by Dr. Carlos Mussi, Director of the Economic Commission for Latin America and the Caribbean (ECLAC), Ambassador Carlos Márcio Cozendey, Secretary for International Affairs, Ministry of Finance of Brazil, in his presentation on "Global financial issues and reform: A perspective from Brazil", discussed the need for urgent reforms in the international financial architecture. In the past, the international problem was how to prevent crises in the periphery from affecting the core of the global economy, but now the problem originates in the core and this is where the key reforms have to be undertaken. Dr. Renato Baumann, Director, Department on International Studies, Political and Economic Relations of IPEA, in presenting "IPEA's perspective on the global economic and financial crisis," noted that while the last two years did not cause too much trouble to emerging economies, the coming period will see higher capital costs and will result in more challenging conditions.

Mr. Martin Khor, in his presentation on "The global crisis and the future agenda of WTO and FTA's," emphasized that global trade and invest-

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View of the audience at the IPEA-South Centre Seminar.

ment rules must be rebalanced in favor of developing countries who are being asked to take on international obligations not commensurate with their level of development. This is the only way that the multilateral economic system will continue to grow and all its participants will be able to benefit from it. Ambassador Paulo Estivallet de Mesquita, Director, Economic Department, Ministry of Foreign Affairs of Brazil, speaking on the "Impacts of the crisis on Brazil's global and regional trade agenda," discussed the challenges facing Brazil with its shrinking margin of maneuver in tariffs and in wrestling with agricultural protectionism from abroad.

In the afternoon panel, moderated by Mr. Jorge Chediek, UN Resident Coordinator, UNDP Resident Representative in Brazil, Ambassador André Aranha Corrêa do Lago, Director of the Department of Environment and Special Affairs, Ministry of External Relations of Brazil, talked about the challenges of advancing the sustainable development agenda, in which Brazil has a special interest, in a time of deteriorating global economic conditions. Dr. Manuel F. Montes discussed how the current global crisis is the result of unsafe global mechanisms that need to be addressed through systemic reforms. This makes developing countries the victims of policy spillovers from advanced economies.

Dr. Richard Kozul-Wright emphasized that in achieving the imperative of structural change, developing countries must undertake an integrated policy framework that enables the expansion of manufacturing activities and strengthens governance so that the state can both stimulate and discipline private sector activities. Dr. Esther Dweck, Chief Economic Advisor, Ministry of Planning, Budget and Management of Brazil, discussed the "Role of Public Investment in the Context of the Global Economic Crisis." Public investment is critical because left to itself one could have a pattern of increased retail activities and concomitant imports without a corresponding increase in productive employment.

Visits to Brazilian institutions and departments

The South Centre team visited several institutions and government departments. These included ISAGS—the UNASUR health institute, created recently to promote public health in the UNASUR region.

Among the officials who the South Centre met were the Deputy Minister for External Affairs, and the offices of the Finance Ministry and the Ministry of External Affairs' environment department.

Dr. José Temporão, Former Minister of Health of Brazil and Executive Director of ISAGS (left) gives the ISAGS book "Health Surveillance in South America: an epidemiological, environmental and health-related vision" to Mr. Martin Khor.

Ambassador José Antonio Marcondes de Carvalho, Under-Secretary of Environment, Energy, Science and Technology, Ministry of External Affairs, Brazil (left) with Mr. Martin Khor.

The South Centre delegation with H.E. Eduardo dos Santos, Secretary-General, Deputy Minister for External Affairs of Brazil (centre).

South Centre's Visit to Argentina

Argentina's Foreign Minister H.E. Hector Timerman (left), Mr. Martin Khor (centre) and Mr. Augusto Costa, former Under-Secretary for International Affairs, currently Secretary of Domestic/Internal Trade, at the office of the Minister in Buenos Aires on 16 August 2013. The Minister met the South Centre delegation and they had a good discussion on current issues of mutual interest, including the global economy, trade and investment, and climate change. This meeting was the highlight of the South Centre's visit to Buenos Aires.

As part of the South Centre trip to South America, the Centre went to Argentina and held a workshop. They also visited Argentina's Foreign Minister, among other visits to several institutions and government departments in Argentina.

Workshop: Argentina and Latin America: The Agenda for Development and Integration - South-South Relations

The South Centre workshop with partners *Centro de Economía y Finanzas para el Desarrollo de la Argentina* (Economic and Financial Center for Development of Argentina, CEFID-Ar), *Centro de Investigación y Gestión de la Economía Solidaria—Centro de Estudios Económicos y Monitoreo de las Políticas Públicas* (Center for Research and Management of a Solidarity-based Economy— Center for Economic Studies and Monitoring of Public Policies, CIGES-CEMoP), and *Comisión Nacional de Valores de la Argentina (*National Securities Commission of Argentina, CNV), was held on 14 and 15 August 2013 at the National Bank of Argentina. The session was opened by Mr. Guillermo Wierzba (CEFID-Ar), Mr. Alejandro Vanoli (CNV), Mr. Martin Khor and Mr. Jorge Marchini (CIGES-CEMoP).

In his opening remarks, then Minister of Economy, Mr. Hernán Lorenzino, pointed out that the global economic crisis has undermined the Northern paradigm for the international economic system. He saw the crisis as an opportunity for a new framework which allowed a greater capacity to participate by all countries economically and in setting its rules. He also saw an opportunity for greater coordination of economic policies among developing countries.

Session I focused on the *Global economic shifts and new economic blocks* with a keynote speech on "The Global Economic Scenario" made by Dr. Yilmaz Akyuz, followed by "International crisis and new approaches in the regulation for emerging economies" by Mr. Alejandro Vanoli, Economist and President of CNV; "International Normative Framework for Investments: Treaties, Negotiations and Conflicts" by Prof. Carlos Correa, Lawyer, Director of Post-Graduate courses on Intellectual Property, Faculty of Law and the Social Sciences, University of Buenos Aires and Special Advisor on Trade and Intellectual Property at the South Centre; and "The role of the State: International pressures on the Asian model of growth" by Dr. Manuel Montes.

Session II entitled *The Countries of the South: Challenges and opportunities in a period of transformations* had the following panelists: "Challenges for Latin America in an era of fiscal austerity" by Mr. Mark Weisbrot, Co-Director of the Centre for Economic and Policy Research (CEPR); "Latin America: Alternative approaches on unity and economic integration" by Mr. Guillermo Wierzba, Director of CEFID-AR; "Negotiations and alternatives to overcome the debt crises" by Ms. Yuefen Li; and "Free trade treaties and development: Legal and political implications for Latin American integration" by Ms. Stella Maris Biocca, Director for the Doctorate programme on International Law, University of Morón.

In session III entitled *New international financial conditions and capital movements,* Ms. Mercedes Marcó del Pont, President of the Central Bank of the Republic of Argentina (BCRA), in her presentation "Setting competitive exchange rates and the management of reserves to support development," reviewed the recent growth record of the Argentinian economy and Central Bank policies to expand investment in the real economy. Using graphs and an extemporaneous speech, she stressed that recent growth cannot be associated alone with high international commodity prices and that there is a need to recognize the role of domestic demand and increasing incomes in Argentina's recovery from the period of neoliberal policies. Following her presentation, Mr. Martin Khor discussed "The world economy and strategies for development and stability of the countries of the south", highlighting the need for developing

L-R: Mr. Jorge Marchini, Mr. Martin Khor, Mr. Alejandro Vanoli, Mr. Hernan Lorenzino, Mr. Guillermo Wierzba and Ms. Graciela Orfeo at the workshop in Argentina.

countries to expand their policy space and use a greater variety of tools in achieving stable growth and employment expansion.

Session IV held the next day, entitled *The new challenges for the Argentinian Economic Policy after a successful decade,* had the following presentations: "Is a new agenda for development and integration necessary?" by Mr. Axel Kicillof, then Vice-Minister and current Minister of Economy and Public Finance of the Republic of Argentina; "Latin America: Macroeconomic policy—The experiences of Latin American countries in facing the global crisis" by Mr. Héctor Valle, Director Titular of Treasury Petroleum Fields (YPF) and President of the *Fundación de Investigaciónes para el Desarrollo* (Research Foundation for Development, FIDE); "From the Washington Consensus to the Commodities Consensus" by Dr. Humberto Campodónico, Professor, Faculty of Economics, University of San Marcos and former President of Petroperú; "The return to the debate on economic and social models in Argentina and Latin America" by Mr. Jorge Marchini, Vice-Director of CIGES-CEMoP; and "The strategic character of Argentine-Brazilian relations" by Mr. Aldo Ferrer, Member of the National Academy of Economic Sciences (Academia Nacional de Ciencias Económicas), former Minister of Economy and Finance, former Ambassador to France, founder of the "Plan Fénix" at the Faculty of Economic Sciences of the University of Buenos Aires. Mr. Ferrer's long career also includes his participation in the South Commission (1987-1990), which produced the report "The Challenge to the South" in 1990 leading to the establishment of the South Centre.

Última Hora Diario

Mr. Axel Kicillof (right), then Vice-Minister and current Minister of Economy and Public Finance of Argentina, speaking at the workshop.

Mr. Aldo Ferrer, Member of the South Commission (left) with Dr. Yilmaz Akyuz, Chief Economist (centre) and Mr. Martin Khor, Executive Director of the South Centre during the workshop at the National Bank of Argentina.

Public Seminar in Uruguay

L-R: Ms. Simone Reperger, Prof. Oscar Ugarteche, Mr. Roberto Bissio, Dr. Yilmaz Akyuz, Ambassador Luis Alberto Porto and Mr. Manuel Montes at the public seminar in Uruguay.

After Argentina, the South Centre delegation headed to Uruguay where a public seminar was held.

Public seminar on Progressive responses to the global crisis

The seminar was held on 19 August 2013 at the Ministry of Foreign Affairs of Uruguay. The session was opened by Under-Secretary of the Ministry of External Relations, Ambassador Luis Alberto Porto, Ms. Simone Reperger, Representative of Friedrich Ebert Stiftung (FES) in Uruguay, which provided support for the seminar, and Mr. Roberto Bissio, Executive Director of the Third World Institute (ITeM), who had also moderated the two sessions of the debate. Dr. Manuel F. Montes gave words of welcome and a brief introduction about the South Centre.

A keynote speech on "Foreign investments and industrial policy for sustainable development" was given by Dr. Yilmaz Akyuz, followed by comments by Prof. Oscar Ugarteche, Researcher, The National Autonomous University of Mexico (UNAM) and Ambassador Porto.

The first session "State enterprises: Fostering or curbing sustainable development?" had presentations by Dr. Manuel Montes and Dr. Humberto Campodónico.

The second session "Trade, investments, integration: Is there a sustainable South alternative?" had presentations by Dr. Carlos Correa, Ms. Corina Rodríguez, Professor at the University of Buenos Aires, Mr. Sebastián Valdomir of *Red de Ecología Social – Amigos de la Tierra Uruguay* (Social Ecology Network, REDES) and Ms. Alejandra Pico of the Cuesta Duarte Institute, PIT-CNT.

The meeting had the attendance of Vice-Ministers, parliamentarians, government officials and civil society.

In the open discussion the participants expressed concern about the following issues: (1) how the state enterprises could be more responsive to gender concerns, (2) whether there could be better cooperation among countries on their investor protection policies and response to bilateral investment treaties (BITs), (3) how state-owned enterprises would be affected by a possible external crisis. The quality of the discussion was high.

G77 statement

(Continued from page 23)

mendations will be submitted by the President of GA to the 68th session, for consideration and action at the 69ths session with the aim of reaching a conclusion in this regard. To this end, we call on the General Assembly to develop the format and modalities for this technology facilitation mechanism.

The full potential of Science, technology and innovation, knowledge-sharing and capacity building for poverty eradication and sustainable development will be best harnessed by building coherent enabling legal, policy, financial and institutional frameworks at the national, regional and international levels. In this regard, the Group believes that in addition to linking the means of implementation to each SDG, STI must be an integral part of the over post-2015 development framework. Such an inclusion is important in addressing efforts needed at all levels in order to increase innovation capacities, technology transfer and scientific capacity building in developing countries.

Lastly, the Group of 77 and China underscores that capacity-building is a cross-cutting issue in the field of sustainable development. We call for the continued implementation of the Bali Strategic Plan for Technology Support and Capacity-building, as endorsed by the General Assembly.